

State of Wisconsin



1995 Assembly Bill 728

Date of enactment: **May 28, 1996**
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1995 WISCONSIN ACT 363

AN ACT *to amend* 196.20 (2m); and *to create* 196.193 and 227.01 (13) (zs) of the statutes; **relating to:** water and sewer rate increases by certain municipally owned utilities, providing an exemption from rule-making procedures and granting rule-making authority.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 196.193 of the statutes is created to read:

196.193 Water and sewer rate increases without hearings. (1) WHEN PERMITTED. The commission may grant a rate increase to a municipally owned water or a municipally owned combined water and sewer public utility without a hearing if all of the following conditions are met:

(a) The revenue increase is calculated by multiplying the utility's prior year's revenues from sales of utility service by the rate increase factor under sub. (2).

(b) The revenue increase under par. (a), combined with the prior year's net operating income, either results in an overall rate of return that does not exceed the rate of return determined by the commission under sub. (3) or results in an amount that does not exceed 6% of the utility's prior year's total operation and maintenance expenses.

(c) The utility will increase its rates for general service, wholesale service and public fire protection uniformly for all utility customers by the rate increase factor determined by the commission under sub. (2), unless the commission determines that the utility has good cause for not meeting the condition under this paragraph.

(d) The effective date of the rate increase is not less than 12 months from the effective date of an increase previously filed under this section nor less than 45 days from the date on which the application was filed.

(e) If the utility's rates in effect prior to the rate increase under this section were authorized pursuant to a hearing under s. 196.20, the rates have been in effect for a calendar year.

(f) The commission has not rejected the application for good cause.

(g) If the utility has 4,000 or more customers, the effective date of the rate increase is not more than 5 years from the effective date of an increase authorized pursuant to a hearing under s. 196.20.

(h) If the utility has less than 4,000 customers, the total of all prior rate increases granted since the last hearing under s. 196.20 does not result in rates that are more than 40% higher than the base rates previously authorized by a hearing under s. 196.20.

(2) DETERMINATION OF THE RATE INCREASE FACTOR. Not later than March 1 annually, the commission shall set an increase factor to apply to rates of municipally owned water public utilities or municipally owned combined water and sewer public utilities. The factor shall be equal to the U.S. consumer price index for all urban consumers, U.S. city average, for the previous year; however, the fac-

* Section 991.11, WISCONSIN STATUTES 1993-94: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

tor may not be less than 3% nor more than 10%. The rate increase factor need not be defined by rule.

(3) **DETERMINATION OF AN OVERALL RATE OF RETURN.** Not later than March 1 annually, the commission shall set the overall rate of return to be applicable to municipally owned water public utilities or municipally owned combined water and sewer public utilities for rate increases under this section. The overall rate of return shall be equal to the simple average, rounded to the nearest tenth of 1%, of the interest rates listed for state and local bonds in the Federal Reserve Statistical Release H.15 (519) published by the federal reserve board, for the last quarter of the prior year, plus 2%. The overall rate of return need not be defined by rule.

(4) **NOTICE REQUIREMENTS.** A utility seeking an increase in rates under this section shall notify all customers, upon a form approved by the commission, by newspaper publication or by mail. The utility shall include a copy of the issued notice in its filing of an application under this section. The notice shall include all of the following:

(a) The anticipated date of filing of the rate increase application and the anticipated effective date of the rate increase.

(b) The impact on customer bills resulting from the rate increase calculated for at least 5 different usage levels, including an average residential usage level.

(c) A statement that the increase is being proposed under this section and that no hearing is required.

(d) Other information required by the commission to be included in a notice under this subsection.

SECTION 2. 196.20 (2m) of the statutes is amended to read:

196.20 (2m) Except as provided under sub. (5) and ss. ~~196.193~~, 196.195 (12) and 196.196, no change in schedules which constitutes an increase in rates to consumers may be made except by order of the commission, after an investigation and opportunity for hearing. The commission may waive a hearing under this subsection for a proposed change in a telecommunications utility schedule. By rule or order, the commission shall specify the notice and procedural requirements applicable to a telecommunications utility proposal for which a hearing is waived.

SECTION 3. 227.01 (13) (zs) of the statutes is created to read:

227.01 (13) (zs) Establishes a rate increase factor under s. 196.193 (2) or an overall rate of return under s. 196.193 (3).

SECTION 4. Initial applicability.

(1) This act first applies to applications for rate increases filed after the effective date of this subsection.